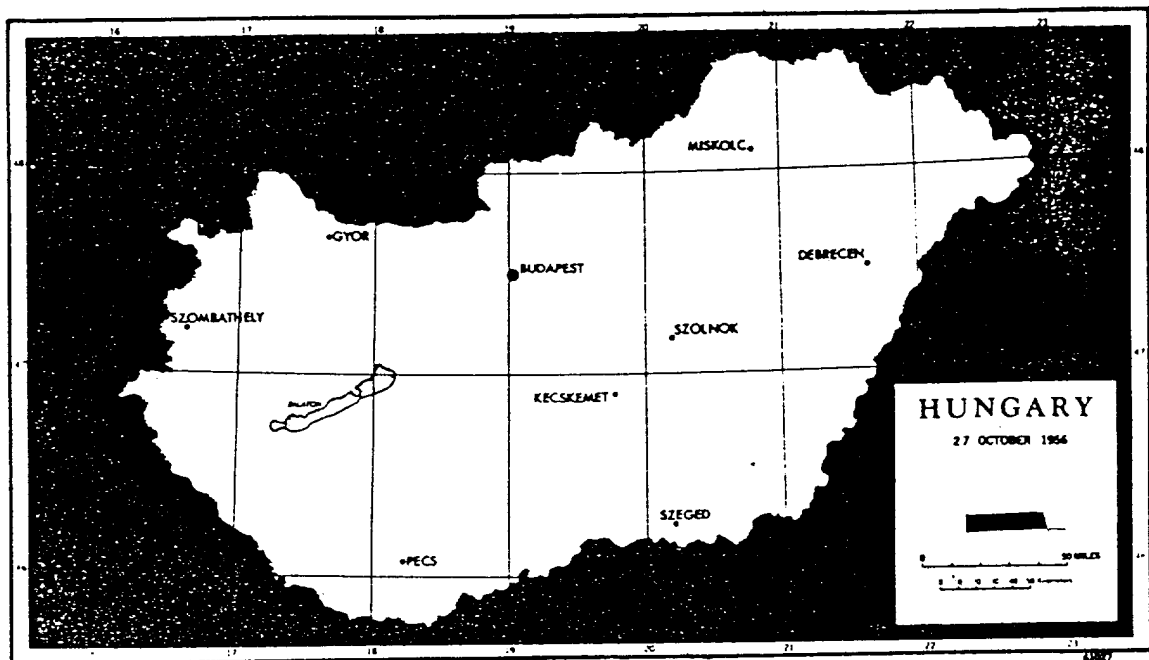


1. THE HUNGARIAN SITUATION (as of 0100 EDT)

Fighting is continuing in Budapest as of 0600 Budapest time (0100 EDT) 27 October and has spread to at least one other city and probably several more. Budapest radio admitted during the evening of the 26th that armed groups had started riots and were causing disorder in Szolnok. A usually reliable source reported that a radio station in south-central Hungary late on the 26th called for the people in eight localities in the Pecs area to co-operate with military and police forces "wearing the Kossuth rosette"-- a traditional symbol of Hungarian nationalism. This suggests that sizable numbers of Hungarian military forces now may be supporting the anti-Communist rebels.

In contrast to claims of victory issued daily by the regime during the first three days of the fighting, the Presidential Council announced a new amnesty for all those "fighting either in formations, groups, or singly"



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who surrender their arms by 2200 on the 26th. The curfew, which the government reinstituted on 26 October in order to wage "a general attack against the rebels," was to be extended through 27 October. In addition, Vienna reported that telephone contact had again been broken off with Budapest.

The government of Imre Nagy apparently has been unsuccessful in asserting central authority and Nagy's prestige is reported declining rapidly. In a desperate effort to garner popular support, Nagy promised to negotiate with the USSR for the withdrawal of all Soviet troops by 1 January and to form a new popular front government immediately. Budapest Radio had indicated on the morning of the 26th that the new government would be formed in a few hours, but a later broadcast said that it would be established during the evening of the 26th or the morning of the 27th. According to several reports, Nagy is having difficulty recruiting prominent former minority leaders, including former Smallholders Secretary General Bela Kovacs and Social Democrat Ana Kethely, to participate in a new regime.

Encouraged by the weakness of the government in Budapest, workers throughout the country have begun to press for extensive changes, and a general strike seems to be in effect in several cities. At least two regional governments, seemingly acting independently of the central regime, have been formed in the provinces--the Workers Committee of Greater Miskolc and the Workers and Soldiers Council of Szolnok. These committees, which for the moment still appear dominated by "national Communists," have called a general strike until the government implements all their demands which include the withdrawal of all Soviet troops from Hungary, a new liberal government and satisfaction for their economic complaints.

In Budapest, the National Trade Union Council and an unidentified writers' group, apparently acting independently, levied a set of demands which, in effect, complemented the Miskolc workers' demands.

The [REDACTED] Soviet [REDACTED] ground, air, and naval units in eastern Europe and the western USSR have been alerted. Altitude restrictions have been imposed on the air route between Moscow and Budapest, probably to facilitate high priority flights between the two capitals. [REDACTED]

[REDACTED]

8. EAST EUROPEAN REACTION TO HUNGARIAN DEVELOPMENTS

[REDACTED] The Satellite press generally has minimized developments in Hungary, while popular reaction has been sympathetic in Poland and Rumania. [REDACTED]

[REDACTED] both Czech and East German security forces have remained on the alert since 18 and 19 October, respectively.

The Czechs called public meetings at all levels which have publicized pledges of loyalty to the party and inseparable friendship with the Soviet Union, culminating in a similar politburo decree of 25 October. Two Rumanian Foreign Ministry officials commented on 25 October to Minister Thayer that "things were just as they should be" in Hungary and Poland--that it was up to the people to determine what is necessary in the process of democratization. [REDACTED]

[REDACTED] the Polish central committee sent a congratulatory message to the Hungarian central committee praising the Hungarian moves toward de-Stalinization.

The Satellite press reaction has generally followed Moscow's lead in noting only briefly that disturbances have developed in Hungary, "where counter-revolutionary forces attempted to overthrow the regime." These forces were described as local and isolated groups of anti-socialists who are being stimulated by imperialist forces of the West. Only the Czechs and Poles have received

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fairly detailed descriptions of the actual events, and only the Czechs have been told of the anti-Soviet nature of the revolt and of the intervention of Soviet troops to quell it.

Public reaction has been sympathetic in the few instances thus far registered. Groups of Poles demonstrated on 24 October in front of the Hungarian embassy and then headed for the Soviet embassy but were stopped by tear gas. Two groups sent telegrams of support to Hungarian youth and writers' groups, according to the Polish press. The American minister in Rumania notes [REDACTED] that Hungarian students in Cluj, Rumania, have gone on strike as a reaction to Hungarian events, demanding cultural autonomy and better Hungarian minority representation in Rumania's affairs.

Yugoslav reaction has been one of satisfaction with the changes in the Hungarian regime. The Yugoslavs have decried only the fact that liberalization measures were not taken early enough to avoid armed conflict. They say Hungary can solve its present problems only through continued recognition of the workers' demands and further democratization. They describe the armed revolt as the work of irresponsible individuals which has been seized upon by anti-socialists. [REDACTED]